

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

★ ★ ★ ★ ★

In the Matter of:

THE APPLICATION BY THE FOX CREEK RURAL)
ELECTRIC COOPERATIVE CORPORATION TO)
BORROW ADDITIONAL SUMS OF MONEY IN THE)
AMOUNT OF \$303,093 AT 11 3/4% INTEREST)
FROM NATIONAL RURAL UTILITIES COOPERA-) CASE NO. 9134
TIVE FINANCE CORPORATION, TO EXECUTE A)
NOTE THEREFORE TO BE SECURED BY COMMON)
MORTGAGE HERETOFORE EXECUTED UNDER DATE)
OF DECEMBER 4, 1973, AND FOR A)
CERTIFICATE OF CONVENIENCE AND NECESSITY)

O R D E R

Fox Creek Rural Electric Cooperative Corporation ("Fox Creek") filed its application on September 12, 1984, for authorization to borrow funds and to request a certificate of convenience and necessity to construct certain improvements and additions to its existing plant. These improvements and additions, as more specifically described in the application and record, are estimated to cost \$1,398,990 and will be financed by a loan of \$686,000 from the Rural Electrification Administration ("REA"), a loan of \$303,093 from the National Rural Utilities Cooperative Finance Corporation ("CFC"), and the additional amount from general funds. The Commission requested additional information from Fox Creek on October 4, 1984, and this was received on October 10, 1984.

The Public Service Commission, after consideration of the application and all evidence of record and being advised, is of the opinion and finds that:

1. Public convenience and necessity require the construction by Fox Creek of the improvements and additions to its existing plant as described in the application and record, and that a certificate be granted.

2. The proposed borrowing from CFC is for lawful objects within the corporate purposes of Fox Creek, is necessary and appropriate for and consistent with the proper performance by Fox Creek of its service to the public, and will not impair its ability to perform that service.

3. Fox Creek is seeking to borrow funds from the REA. On November 12, 1982, the Franklin Circuit Court issued its opinion in West Kentucky RECC v. Energy Regulatory Commission. Therein, the Court held that the Commission had no authority to approve or disapprove borrowings from the REA since the REA is an agency of the federal government and KRS 278.300(10) exempts such borrowing from Commission regulation. Accordingly, the Commission takes no action on the REA portion of Fox Creek's proposed borrowing.

IT IS THEREFORE ORDERED that Fox Creek be and it hereby is granted a certificate of convenience and necessity to proceed with the construction as set forth in the application and record.

IT IS FURTHER ORDERED that Fox Creek be and it hereby is authorized to borrow \$303,093 from CFC for a 35-year period at an initial interest rate of 11 3/4 percent per annum until 1991 and then be subject to change thereafter.

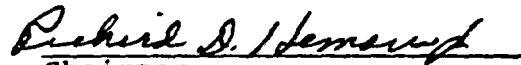
IT IS FURTHER ORDERED that Fox Creek be and it hereby is authorized to execute its notes as security for the loan herein authorized.

IT IS FURTHER ORDERED that the proceeds from the proposed borrowing shall be used only for the lawful purposes set out in the application and record.

Nothing herein contained shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 20th day of November, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary